

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

PURCHASED WATER ADJUSTMENT OF                   )  
LAKE BARKLEY WATER SYSTEM, INC.        )     CASE NO. 7695-1

O R D E R

On August 20, 1984, Lake Barkley Water System, Inc., ("Lake Barkley") filed an application with the Public Service Commission ("Commission") requesting approval of a purchased water adjustment clause and authority to adjust its rates in accordance with that clause. On September 12, 1984, the Commission requested that additional information be filed. Further information was filed on October 26, 1984. Subsequently, on November 13, 1984, a telephone conference was conducted between Mr. James E. Story, Attorney and Treasurer for Lake Barkley, and Commission staff.<sup>1</sup>

On December 12 and 13, 1984, a billing inspection was performed by Commission staff which showed that bills rendered November 1 and December 1, 1984, placed rates into effect higher than the authorized rates on file with the Commission. Billings for January 1, 1985, were for the approved rate of \$12 per month.<sup>2</sup>

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<sup>1</sup> Intra-Agency Memorandum to Main Case File of Case No. 7695-1 from Forest M. Skaggs, dated November 14, 1984.

<sup>2</sup> Intra-Agency Memorandum to Case File in Case No. 7695-1 from Barbara Jones, dated January 8, 1985.

Lake Barkley's approved tariff provides for a 5 percent late payment penalty. The billing inspection showed that Lake Barkley is currently charging a 10 percent penalty which has not been authorized by the Commission. Further, Lake Barkley is compounding penalties resulting in penalties being assessed on penalties.

In addition, a number of billing computation errors were noted, especially for those customers who have been assessed late payment penalties.

On January 17, 1985, a copy of the Commission's report was sent to Lake Barkley for review and opportunity was provided for Lake Barkley to file comments by January 27, 1985.<sup>3</sup>

The Commission, having reviewed the evidence of record and being advised, is of the opinion and finds that:

(1) The purchased water adjustment clause in Appendix B to this Order is in compliance with 807 KAR 5:067, is in the best interest of Lake Barkley and its customers and should be approved.

(2) Lake Barkley's supplier, City of Princeton, increased its rates for wholesale water from \$126.36 minimum plus \$.55 per 100 cubic feet for usage over 19,450 cubic feet to \$195.78 minimum and \$.85 per 100 cubic feet for usage over 19,450 cubic feet effective March 1, 1983.

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<sup>3</sup>

Letter to Mr. James E. Story from Forest M. Skaggs, dated January 17, 1985.

(3) The 12-month period ending December 31, 1983, is the appropriate test period to be used.

(4) Lake Barkley does not meter its water sales and, therefore, bills its customers on a flat rate basis. Lake Barkley serves approximately 120 customers.

(5) The total allowable increase in purchased water costs is \$4,504, resulting in a purchased water adjustment of \$3.13 per customer per month.

(6) The financial information filed by Lake Barkley indicates that it cannot absorb an increase of this magnitude in the cost of purchased water.

(7) The purchased water adjustment of \$3.13 per customer per month and the rate in Appendix A are fair, just and reasonable and should be approved.

(8) No response to the Commission's report on the billing inspection has been filed by Lake Barkley; therefore, the Commission assumes that Lake Barkley agrees with the report.

(9) Lake Barkley charged unauthorized rates in its bills rendered November 1 and December 1, 1985, resulting in overcharges to its customers of \$731.80.

(10) Lake Barkley should refund the overcharges to its customers in the amounts shown in Appendix C. The refunds may be made by lump sum reimbursement or by credits to future bills over a period of 4 months.

(11) Upon completion of the refunds, Lake Barkley should file with the Commission a schedule showing amounts and customers to whom refunds have been made.

(12) Lake Barkley is charging a late payment penalty in excess of that authorized by the Commission and is applying such penalty in a manner contrary to Commission policy.

(13) Lake Barkley should charge only the 5 percent penalty authorized by its tariff and apply the penalty in accordance with the following policy:

When a penalty is assessed due to late payment, any payment received shall first be applied to the bill for service rendered. Additional penalty charges in subsequent bills shall not be assessed to unpaid penalty charges. A penalty may be assessed only once to each delinquent monthly billing.

(14) Lake Barkley should review its billings for calendar year 1984 and make appropriate adjustments for incorrect billings.

(15) In the event Lake Barkley wishes to increase its penalty, it should file revised tariff sheets, with appropriate notice, requesting approval of the increase.

IT IS THEREFORE ORDERED that the purchased water adjustment clause in Appendix B be and it hereby is approved for use by Lake Barkley on and after the date of this Order.

IT IS FURTHER ORDERED that for the purpose of future application of Lake Barkley's purchased water adjustment clause, the base rate for purchased water shall be:

<u>Supplier</u>	<u>Rates</u>
City of Princeton	First 19,450 cu. ft. \$195.78 Minimum
	Over 19,450 cu. ft. .85 per 100 cu. ft.

IT IS FURTHER ORDERED that the purchased water adjustment in the amount of \$3.13 per customer per month and the rate in Appendix A be and it hereby is approved for services rendered on and after the date of this Order.

IT IS FURTHER ORDERED that, within 30 days of the date of this Order, Lake Barkley shall file with the Commission its revised tariff sheets setting out the purchased water adjustment clause and the rate approved herein.

IT IS FURTHER ORDERED that Lake Barkley shall refund to its customers the amount of \$731.80 in accordance with Finding No. 10 herein and Appendix C to this Order and shall file proof of such refunds in accordance with Finding No. 11 herein.

IT IS FURTHER ORDERED that Lake Barkley shall cease the charging of the unauthorized late payment penalty and shall apply the approved penalty in the manner described in Finding No. 13 herein.

IT IS FURTHER ORDERED that Lake Barkley shall review its billing calculations for calendar year 1984 and shall make appropriate adjustments for incorrect billings.

Done at Frankfort, Kentucky, this 22nd day of February, 1985.

PUBLIC SERVICE COMMISSION

Richard D. Hermann, Jr.  
Chairman

Ruth D. L.  
Vice Chairman

Sam Smith  
Commissioner

ATTEST:

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Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE  
COMMISSION IN CASE NO. 7695-1 DATED February 22, 1985.

The following rate is prescribed for customers served by Lake Barkley Water System, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Retail Water Rate

Monthly Rate	\$15.13
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APPENDIX B

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE  
COMMISSION IN CASE NO. 7695-1 DATED February 22, 1985.

Purchased Water Adjustment Clause

Upon increase or decrease in the wholesale rate of purchased water by its supplier, the utility may apply for an adjustment to its water rates in accordance with 807 KAR 5:067. The base rate for future application of the purchased water adjustment clause is:

<u>Supplier</u>		<u>Rates</u>	
City of Princeton	First 19,450	cu. ft.	\$195.78 Minimum
	Over 19,450	cu. ft.	.85 per 100 cu. ft.



APPENDIX C

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE  
COMMISSION IN CASE NO. 7695-1 DATED February 22, 1985.

The following refunds are to be made to customers of Lake Barkley Water District for overcharges on bills rendered on November 1, 1984, and December 1, 1984. In addition, any customer not shown below who has paid in excess of \$12 per month as a result of these billings shall be refunded the excess amount.

<u>CUSTOMER</u>	<u>REFUND AMOUNT</u>
Billy Adams	\$ 8.00
William Arnold	8.00
Wiley Alton	9.00
Bill Atherton	8.00
Bruce Bowers	8.00
John Bewels	4.00
Clifton Blake	8.00
Keith Byrd	8.00
Walter Brunson	8.00
Eugene Briner	8.00
Anatie Blake	8.00
George Cross	8.00
Andy Cimprich	8.00
Belle Davis	10.00
Edward Dillender	20.00
Owsley Downey	8.00
Mary Dean	8.00
O. L. Dillahay	8.00
Tim Dash	8.00
Clyde Fiscus	8.00
Harlan French	8.00
James Fuqua	4.00
Fred Fitts	8.40
Durwood Fox	8.00
Paul Gray	8.00
William Graves	8.00
T. C. Gallison	8.00
James Gipson	8.00
Kenneth Hollsway	8.40
Wayne Henderson	8.00
Gary Hampton	10.00
Harry Henderson	8.00
J. M. Hicks	8.00

CUSTOMERREFUND AMOUNT

Terry Haynes	\$ 10.00
Larry Hamer	8.00
Roger Hewlett	8.00
Ray Hayden	8.00
Hugh Harper	8.00
David Hoffman	8.00
Richard Jones	10.00
Jim Dunn	4.00
James King	8.00
Dick Kitchen Realty	4.00
Charles Kelly	8.00
Edward L. Kmetz	8.00
J. W. Leneave	8.00
Lonnie Langford	8.00
D. L. Leath	8.40
Joe D. Luton	8.00
Lestie A. May	8.00
Arnold Mitchell	8.00
Paul Myers	8.00
Mike McLeod	8.00
James W. McDaniels	8.00
Clovis Nutt	8.00
John & Caty Nason	8.00
Charles Orr	8.00
Viola Oliver	12.00
Paul Odom	8.00
Ronald Palimiter	8.00
Steve Phillips	8.00
William C. Parle	8.00
Hugh Payne, Sr.	8.00
Raymond Pulliam	10.00
Richard Roedel	8.00
Clarence Robertson	10.00
Judy Resley	8.00
Robert Rushton	16.80
William Riley	8.00
Harold Ressegerie	8.00
Christian Soell, Jr.	4.00
Gilbert Schussler	8.00
Katherine Sternhagen	8.00
Joe Scroggins	8.00
Eurania Stearsman	10.00
Paul Mark Story	8.00
Harold Seymour	4.00
James Shipman	8.00
Lena Tanner	4.00
Harlan Thorp	8.00
James G. Taylor	10.00
Marvin Thompson	8.40
Lawrence Tribble	8.40
H. M. Tilley	10.00
Elbert Warren	10.00

CUSTOMER

REFUND AMOUNT

G. T. Wallace  
E. T. Woosley  
Ethel Wiley  
George Williams

\$ 8.00  
8.00  
8.00  
8.00

TOTAL REFUNDS

\$731.80